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RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUCNIRA/IRAN COLLECTIVE PRIORITY
RUEHGG/UN SECURITY COUNCIL COLLECTIVE PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY
RHEFHLC/DEPT OF HOMELAND SECURITY WASHINGTON DC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
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S E C R E T SECTION 01 OF 04 BRUSSELS 001374

NOFORN
SIPDIS

STATE FOR P, NEA/IR, ISN, EEB/ESC/TFS, EUR/ERA
TREASURY FOR TFI, TFFC, OIA, OFAC
EU POSTS FOR IRAN SANCTIONS OFFICERS

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TAGS: [ETTC](#) [KNNP](#) [PARM](#) [PREL](#) [PINR](#) [MNUC](#) [EFIN](#) [ETRD](#) [UNSC](#)
IR, FR, UK, GM, IT, EUN
SUBJECT: EU/IRAN SANCTIONS: CURRENT STATE OF PLAY

REF: A. 2008 BRUSSELS 1910
[1](#)B. EMAIL NEMROFF-CURRAN 2/24/2009
[1](#)C. STOCKHOLM599

Classified By: CHARGE D'AFFAIRES CHRISTOPHER W. MURRAY FOR REASONS 1.4(
b) AND (d).

Summary/Comment

[1](#)1. (C//NF) EU/Iran sanctions officials are currently focused on internal review procedures, but the USG can help make their discussions more forward-leaning by responding to EU requests for information and engaging in high-level diplomacy. On October 13, EU Council Director for Politico-Military Affairs Robert Cooper phoned USEU Charge to ask about Iran intelligence follow-up that he said the Secretary discussed with EU High Representative Javier Solana in New York last month. Over the next two weeks, the EU approach to Iran sanctions will focus on renewing existing EU lists of designated individuals and entities, with minor updates. The EU's self-imposed legal requirement to review existing designation lists must take place at least once annually and should be complete by mid-October. The more important question of whether to enact new measures or to broaden the current autonomous designations list (REFS A and B; see consolidated list below) will be discussed as a separate exercise, driven by political, rather than legal, timing considerations. Future EU/Iran sanctions deliberations will depend on the P5 1 process and the UNSC track. The USG can, however, energize and influence that process. Key Member State and EU institutional contacts recognize that prevention of an Iranian nuclear weapon may require significant European economic sacrifice. They have asked the U.S. to provide information on USG priority sanctions measures and associated economic implications in order to help frame internal EU discussion. USG non-papers, along with outreach from senior White House, State, and Treasury officials, may be an efficient way for us to spur coordinated U.S.-EU action on Iran sanctions. END
SUMMARY/COMMENT.

12. (C//NF) Council and Commission contacts confirm that the EU remains focused at the working level on reviewing existing EU designations against Iran. That review, which must take place at least once every twelve months under current regulations, is slightly behind schedule. The Council's Middle East working group (COMEM) finished reviewing the EU's Iran asset freeze list on September 28. The non-proliferation (CONOP) and external relations (RELEX) working groups will now conduct their own reviews, mostly along procedural lines (e.g. for translation into all 23 official languages), over the coming weeks. Our contacts expect the process to be finalized by mid-October. Changes will include citation of the new Head of the Atomic Energy Organisation of Iran (AEOI). His recently retired predecessor, Reza Aghazadeh, will remain designated, since the EU deems his knowledge and potential for proliferation-related activities to be genuine threats. The new Iranian Defense and Interior Ministers should also be included on the EU's updated list.

What's Next?

13. (C) Contacts indicate that additional autonomous EU measures against Iran will not be up for discussion in the immediate future. Lists of individuals and entities proposed in late 2008 and early 2009 (REFS A and B; see lists, para 9)

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15. (C//NF) One worrisome from the sanctions perspective, however, are internal EU deliberations over basic technical questions, including, "How efficient have sanctions been?"; "How has Iran addressed measures in legal challenges before EU courts?" Hence, several EU Member State and EU institutional contacts continue to request privately that the USG provide either technical experts for U.S.-EU discussions or written materials outlining USG best practices and sanctions decision-making approaches. (COMMENT: We believe these discussions over effectiveness and implementation issues reflect a combination of classic EU sanctions-delaying tactics and genuine questions from EU diplomats who are new to this regional or technical subject. Sweden, a notorious EU sanctions skeptic, may be driving the rigor of the current discussion (REF C). END COMMENT.)

16. (C//NF) On October 13, EU Council Director General for Politico-Military Affairs Robert Cooper called Charge to follow up what he said had been discussed between the Secretary and EU High Representative for Common Foreign and Security Policy Javier Solana in New York on the margins of the UNGA. Cooper said that Solana told the Secretary that the EU is working on a study of the Iranian economy. Solana reportedly asked the Secretary for U.S.-origin intelligence products and other information on the Iranian economy. Cooper said the EU Council hopes to complete its study by the end of October. He said, in referring to the Secretary's conversation with Solana, that it would be most useful for the EU to have information from the U.S. in regard to Iran's economic vulnerabilities, trade patterns, government ownership of enterprises, and other potentially sanctions-relevant information. Cooper said he wanted to start the text of the study by describing, "what the Iranian economy looks like now." Mission would be pleased to assist in transmitting such information to the Council Secretariat in the framework of our U.S.-EU Agreement on the Security of Information.

Helping to Move the Ball Forward?

17. (C//NF) In response to several past informal EU requests for information, POLOFF asked a Council Secretariat contact

which kinds of information would help facilitate and expedite EU decision-making. Topics of primary interest for the Council include:

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-- existing U.S. sanctions against Iran;
-- efficiency of existing international sanctions against Iran;
-- current Iranian trade flows; and
-- potential alternative Iranian trade relationships.

Such topics indicate an abiding fear, echoed by this same contact, among EU interlocutors: that significant action on the sanctions front will cost European firms a generation of investment and trade opportunities. This fear is particularly acute in light of a prospective shift in U.S.-Iranian relations (i.e., towards positive engagement), since European counterparts have no clear basis by which to judge the intended U.S. role in the Iranian economy.

¶8. (C//NF) COMMENT: We believe that we can rally all 27 EU Member States and EU institutions behind coordinated sanctions against Iran if we engage not only EU institutions in Brussels, but also, equally importantly, Member State governments in capitals. Non-papers detailing our priority sanctions measures and targets, along with objective assessments of their economic implications could be an efficient and effective means of influencing outcomes in Brussels. END COMMENT.

Current Proposals for EU Target List

¶9. (S//NF) The following, reported REFS A and B, represents USEU's understanding of the current list of potential designations proposed by the EU-4 for EU consideration (underway since at least December 2008):

BEGIN LIST:

NAMES SUBMITTED TO THE COUNCIL BY FRANCE

Individuals:

- ¶1. Hossein AKHGARI.
- ¶2. Mohammad Hassan ALLAHDAD (DPOB: 1946 Tehran), former VP of AEOI, former Director of Kalaye Electric, and Pars Trash.
- ¶3. A.S. SABHARWAL, Manager of Mileace General TDG; participates in procurement effort for centrifuges, liaison with listed entities.

Entities:

- ¶1. Al Basir General Trading Office. Address: No Lobaah 218 Jebel Ali (Dubai); acquisitions for Kalaye Electric.
- ¶2. Alborz Manufacturer Trading.
- ¶3. Bank Mellat (see also UK list).
- ¶4. Bank Sadarat (see also UK list).
- ¶5. Export Development Bank of Iran.
- ¶6. Iran Air Cargo (see also UK list).
- ¶7. Iran Insurance Company.
- ¶8. Islamic Republic of Iran Shipping Lines (IRISL) (see also UK list).
- ¶9. Iran Zamin Industrial Group Ltd, a front company of AIO.
- ¶10. Master (Address: 119 Abolhassani St., North Ostdad Hassan Bana Ave., Ressalat Hwy (Tehran)).
- ¶11. Mileace General TDG.
- ¶12. Technical and Engineering Nikan Group (TENG).
- ¶13. Three Star Service (TSS Co.)
- ¶14. Societe Kala Naft, front company for dual use procurement.

NAMES SUBMITTED TO THE COUNCIL BY GERMANY

Individuals:

- ¶1. Alireza ABBASPOURRAD, researches carbon-nano tubes, which are banned for trade and transfer per EU regulation 423/2007.
- ¶2. General Hossein HAMEDANI, Deputy Commander Basij Force.

- ¶3. Prof. Dr. Abdolhossein DALIMI, Director-General Razi Institute.
- ¶4. Prof. Haji SAEID, Director of Yazd Radiation Processing Center (YRPC).
- ¶5. Brig. Gen. Hassan TA'EB, Commander, Basij Force.

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- ¶6. Ahamad TALEZADEH, Director-General Iranian Space Agency.
- ¶7. Alireza ZAKANI (DPOB: 03/03.1966 Shahr Rey), nuclear scientist.

Entities:

- ¶1. Benefication and Hydrometallurgical Research Center (BHRC), AEOI personnel at BHRC work on research concerning mineralogical and metallurgical methods to extract uranium ore.
- ¶2. Ghoods (Qods) Research Center.
- ¶3. Iran Computer Works Inc.
- ¶4. Iranian Space Agency, develops satellite carrier missile technology which is applicable for non-civilian missile systems.
- ¶5. Machine Sazi Arak, IRN state-owned manufacturing firm; bought eight vertical turning and boring machines; the Czech firm TST Kovosvit Semimovo Usti provided MSA with at least five CNC drilling machines which are used in construction of uranium centrifuges. (See also UK list.)
- ¶6. Physics Research Center (PHRC).
- ¶7. Razi Institute for Serum and Vaccine Production (RVSRI) and sub-branches, evidence of biological research with highest level of security (S4), which could be used for acquiring knowledge of bioweapon systems.
- ¶8. Sharif University of Technology.
- ¶9. Yazd Radiation Processing Center (YRPC).

NAMES SUBMITTED TO@ITED KINGDOM

Entities:aakht Niroogahaye Atomi Iration to includ
a. Khatam Ol Ambialso France list.)

OUNCIL BY ITALY

EntTehran

- ¶2. Mechanical Engineering and Construction (aka M&C), TehranQ
- ¶3. Modern Industries Technology (aka MITEC), IQfahan

END LISTS.

MURRAY

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